AT&T CORP

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Exhibits

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-Q

..X.. QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 1999**

OR

..... TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ____________

Commission file number 1-1105

AT&T CORP.

A New York Employer Corporation	I.R.S. No. 13-

4924710

32 Avenue of the Americas, New York, New York 10013-2412

Telephone - Area Code 212-387-5400

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ..X No ...

At July 31, 1999, the following shares of stock were outstanding:

AT&T common stock - 3,195,678,689 shares Liberty Media Class A tracking stock - 1,156,716,104 shares Liberty Media Class B tracking stock - 108,430,704 shares

PART I - FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in Millions Except Per Share Amounts)
(Unaudited)

	For the Three Months Ended June 30, 1999	1998	For the Six Months Ended June 30, 1999	1998
Revenues..................................	$15,691	$13,211	$29,787	$26,042
Operating Expenses				
Access and other interconnection...........	3,668	3,894	7,400	7,830
Network and other communications services..	3,774	2,552	6,646	5,098
Amortization of goodwill and other purchased intangibles.....................	273	66	430	126
Depreciation and other amortization.........	1,546	1,067	2,850	2,074
Selling, general and administrative........	3,461	3,348	6,618	6,625
Restructuring and other charges, net.......	(29)	2,743	702	3,344
Total operating expenses...................	12,693	13,670	24,646	25,097
Operating income (loss)....................	2,998	(459)	5,141	945
Equity losses from Liberty Media Group.....	543	-	601	-
Other income (expense).....................	(74)	307	75	1,013
Interest expense...........................	459	128	649	208
Income (loss) from continuing operations before income taxes.......................	1,922	(280)	3,966	1,750
Provision (benefit) for income taxes.......	877	(119)	1,903	626
Income (loss) from continuing operations...	1,045	(161)	2,063	1,124
Income from discontinued operations (net of taxes of $6)......................	-	-	-	10
Gain on sale of discontinued operations (net of taxes of $799)....................	-	1,290	-	1,290
Net income................................	$ 1,045	$ 1,129	$ 2,063	$ 2,424
Per AT&T common share - basic:				
Income (loss) from continuing operations..	$ 0.50	$ (0.06)	$ 0.90	$ 0.42
Income from discontinued operations.......	-	-	-	-

Gain on sale of discontinued operations...	-	0.48	-	0.48
Total income............................	$ 0.50	$ 0.42	$ 0.90	$ 0.90
Per AT&T common share - diluted:				
Income (loss) from continuing operations..	$ 0.49	$ (0.06)	$ 0.88	$ 0.41
Income from discontinued operations.......	-	-	-	-
Gain on sale of discontinued operations...	-	0.48	-	0.48
Total income............................	$ 0.49	$ 0.42	$ 0.88	$ 0.89
Dividends declared per AT&T common share...	$ 0.22	$ 0.22	$ 0.44	$ 0.44
Liberty Media Group loss per share:				
Basic..................................	$ 0.43	$ -	$ 0.48	$ -
Diluted................................	$ 0.43	$ -	$ 0.48	$ -

See Notes to Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS
(Dollars in Millions Except Share Amounts)
(Unaudited)

	June 30, 1999	December 31, 1998
ASSETS		
Cash and cash equivalents	$ 418	$ 3,160
Receivables, less allowances of $1,227 and $1,060....	10,030	9,055
Deferred income taxes..............................	1,691	1,310
Other current assets...............................	807	593
TOTAL CURRENT ASSETS...............................	12,946	14,118
Property, plant and equipment, net of accumulated depreciation of $27,580 and $25,374................	34,994	26,903
Licensing costs, net of accumulated amortization of $1,372 and $1,266.............................	8,315	7,948
Goodwill, net of accumulated amortization of $419 and $226....................................	28,402	2,205
Investment in Liberty Media Group and related receivables.......................................	35,389	-
Other investments..................................	16,268	4,434
Prepaid pension costs..............................	2,265	2,074
Other assets.......................................	6,659	1,868
TOTAL ASSETS.......................................	$145,238	$59,550

(CONT'D)

CONSOLIDATED BALANCE SHEETS (CONT'D)
(Dollars in Millions Except Share Amounts)
(Unaudited)

	June 30, 1999	December 31, 1998
LIABILITIES		
Accounts payable	$ 5,738	$ 6,226
Payroll and benefit-related liabilities	2,201	1,986
Debt maturing within one year	7,085	1,171
Dividends payable	703	581
Other current liabilities	5,850	5,478
TOTAL CURRENT LIABILITIES	21,577	15,442
Long-term debt	22,152	5,556
Long-term benefit-related liabilities	4,326	4,255
Deferred income taxes	11,039	5,453
Other long-term liabilities and deferred credits	3,895	3,213
TOTAL LIABILITIES	62,989	33,919
Minority Interest in Equity of Consolidated Subsidiaries	2,407	109
Company-Obligated Convertible Quarterly Income Preferred Securities of Subsidiary Trust Holding Solely Subordinated Debt Securities of AT&T	4,695	-
Subsidiary-Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trusts Holding Solely Subordinated Debt Securities of an AT&T Subsidiary	1,659	-
SHAREOWNERS' EQUITY Common Stock:		
AT&T Common Stock, $1 par value, authorized 6,000,000,000 shares; issued and outstanding 3,196,236,144 shares (net of 286,925,365 treasury shares) at June 30, 1999 and 2,630,391,784 shares (net of 80,222,341 treasury shares) at December 31, 1998	3,196	2,630
Liberty Media Group Class A Tracking Stock, $1 par value, authorized 2,500,000,000 shares; issued and outstanding 1,156,716,104 shares at June 30, 1999	1,157	-
Liberty Media Group Class B Tracking Stock, $1 par value, authorized 250,000,000 shares; issued and outstanding 108,430,704 shares at June 30, 1999	108	-
Additional Paid-in Capital:		
AT&T Common Stock	27,446	15,195
Liberty Media Group Stock	32,653	-
Guaranteed ESOP obligation	(31)	(44)
Retained Earnings (Accumulated Deficit):		
AT&T Common Stock	7,594	7,800
Liberty Media Group Stock	(601)	-
Accumulated other comprehensive income	1,966	(59)
TOTAL SHAREOWNERS' EQUITY	73,488	25,522
TOTAL LIABILITIES & SHAREOWNERS' EQUITY	$145,238	$59,550

See Notes to Consolidated Financial Statements

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Consolidated Statements of Shareowners' Equity
(Dollars in Millions)
For the six months ended June 30, 1999 (Unaudited)

	Common Shares			Additional Paid-in Capital		Guaranteed ESOP Obligation	Retained Earnings		Accumulated Other Comprehensive Income	Total Shareowners Equity	Total Comprehensive Income
	AT&T Common Stock	Liberty Media Group Class A Tracking Stock	Liberty Media Group Class B Tracking Stock	AT&T Common Stock	Liberty Media Group Stock		AT&T Common Stock	Liberty Media Group Stock			
Balance at Jan. 1, 1999	$2,630	-	-	15,195	-	(44)	7,800	-	(59)	$25,522	
Shares issued (acquired), net:											
For employee plans	1			36						37	
For acquisitions*	565	1,140	110	11,359	32,265					45,439	
Other		17	(2)		339					354	
Common stock warrants				306						306	
Gain on issuance of common stock by affiliates				470	40					510	
Amortization						13				13	
Net income							2,664	(601)		2,063	$2,063
Dividends declared							(1,401)			(1,401)	
Treasury shares issued at less than cost							(1,469)			(1,469)	
Other				80	9					89	
Other comprehensive income (net of taxes of $1,328)**									2,025	2,025	2,025
Balance at June 30, 1999	$3,196	1,157	108	27,446	32,653	(31)	7,594	(601)	1,966	$73,488	$4,088

* AT&T accounts for treasury stock as retired stock, and at June 30, 1999, has 287 million treasury shares of which 216 million shares are owned by TCI subsidiaries and 70 million shares relate to the purchase of AT&T shares previously held by Liberty Media Group.
** Includes $1,969 ($3,262 pretax) of other comprehensive income for Liberty Media Group.

See Notes to Consolidated Financial Statements

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T Form 10-Q - Part I

Consolidated Statements of Shareowners' Equity (Dollars in Millions) For the six months ended June 30, 1998 (Unaudited)

AT&T   Additional   Guaranteed   Accumulated Other   Total

Total

	Common Stock	Paid-in Capital	ESOP Obligation	Retained Earnings	Comprehensive Income	Shareowners' Equity	Comprehensive Income
Balance at Jan. 1, 1998	$2,684	17,121	(70)	3,981	(38)	$23,678	
Shares issued (acquired), net:							
For employee plans	2	53				55	
For acquisition	23	806				829	
Amortization			12			12	
Net income				2,424		2,424	$2,424
Dividends declared				(1,072)		(1,072)	
Treasury shares issued at less than cost				(257)		(257)	
Other changes		83		(5)		78	
Other comprehensive income (net of taxes of $49)					(11)	(11)	(11)
Balance at June 30, 1998	$2,709	18,063	(58)	5,071	(49)	$25,736	$2,413

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Millions)
(Unaudited)

	For the Six Months Ended June 30, 1999	1998
Operating Activities		
Net income.................................	$ 2,063	$ 2,424
Deduct: Income from discontinued operations.......................	-	10
Gain on sale of discontinued operations.......................	-	1,290
Income from continuing operations...........	2,063	1,124
Adjustments to reconcile net income to net cash provided by operating activities of continuing operations:		
Restructuring and other charges...........	778	3,344
Gains on sales..........................	(241)	(770)
Depreciation and amortization.............	3,280	2,200
Provision for uncollectibles..............	733	714
Increase in accounts receivable...........	(1,462)	(872)
(Decrease) increase in accounts payable...	(488)	131
Net decrease in other operating assets and liabilities.......................	(1,715)	(622)
Equity losses from Liberty Media Group....	601	-
Other adjustments.......................	(148)	(1,217)
Net cash provided by operating activities of continuing operations........	3,401	4,032
Investing Activities		
Capital expenditures......................	(5,129)	(3,408)
Proceeds from sale or disposal of property, plant and equipment...........	162	45
Decrease in other receivables.............	6	6,404

Net dispositions (acquisitions) of licenses	5	(55)
Sales of marketable securities	-	1,239
Purchases of marketable securities	-	(1,055)
Equity investment distributions and sales	439	1,202
Equity investment contributions and purchases	(6,054)	(58)
(Acquisitions) dispositions of businesses including cash acquired in acquisitions	(5,763)	4,172
Other investing activities - net	(56)	(58)
Net cash (used in) provided by investing activities of continuing operations	(16,390)	8,428

(CONT'D)

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)
(Dollars in Millions)
(Unaudited)

	For the Six Months Ended June 30, 1999	1998
Financing Activities		
Proceeds from long-term debt issuance	7,948	2
Retirements of long-term debt	(1,643)	(729)
Issuance of convertible securities	4,638	-
Issuance of common shares	-	29
Acquisition of treasury shares	(4,320)	(244)
Dividends paid	(1,306)	(1,072)
Increase (decrease) in short-term borrowings - net	4,506	(3,027)
Other financing activities - net	424	16
Net cash provided by (used in) financing activities of continuing operations	10,247	(5,025)
Net cash provided by discontinued operations	-	92
Net (decrease) increase in cash and cash equivalents	(2,742)	7,527
Cash and cash equivalents at beginning of year	3,160	318
Cash and cash equivalents at end of period	$ 418	$ 7,845

See Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in Millions Except Per Share Amounts)
(Unaudited)

(a) BASIS OF PRESENTATION

The consolidated financial statements have been prepared by AT&T Corp. (AT&T) pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) and, in the opinion of management, include all adjustments necessary for a fair statement of the consolidated results of operations, financial position and cash flows for each period presented. The consolidated results for interim periods are not necessarily indicative of results for the full year. These financial results should be read in conjunction with AT&T's Form 10-K/A for the year ended December 31, 1998, AT&T's Form 10-Q for the quarter ended March 31, 1999, (which includes the financial results of Liberty Media Group for this period, attached as an exhibit thereto), Tele-Communications, Inc.'s (TCI) Form 10-K for the year ended December 31, 1998, TCI's Form 10-Q for the quarter ended March 31, 1999, the financial statements of Liberty Media Group for the year ended December 31, 1998, included in AT&T's Form 8-K filed on March 22, 1999, and the financial statements of Liberty Media Group and TCI for the quarter and year-to-date periods ended June 30, 1999, included as Exhibits 99.1 and 99.2, respectively, to this AT&T quarterly report on Form 10-Q.

On May 19, 1999, the Board of Directors of Liberty Media Group declared a two for one stock split, paid on June 11, 1999, to shareowners of record on May 28, 1999. All references to number of shares (except shares authorized or where otherwise indicated) and per share information for Liberty Media Group in the consolidated financial statements have been adjusted to reflect the stock split on a retroactive basis.

We have reclassified certain prior period amounts to conform to our current presentation and have restated share and per share information to reflect the first quarter three for two split of AT&T's common stock.

(b) MERGER WITH TCI

The merger with TCI was completed in the first quarter of 1999 in an all stock transaction valued at approximately $52 billion.

AT&T issued approximately 664 million shares in the transaction, of which approximately 149 million were treasury shares. Also in the first quarter of 1999 in connection with the merger of TCI and the formation of Liberty Media Group from TCI's former programming business and technology investments business, AT&T issued a separate tracking stock designed to reflect the separate economic performance of Liberty Media Group. A total of 540 million shares (1,080 million shares on a post-slit basis) of Class A Liberty Media Group Tracking Stock and 55 million shares (110 million shares on a post-split basis) of Class B Liberty Media Group Tracking Stock were issued by AT&T. AT&T also issued 30 million shares (60 million shares on a post-split basis) of Class A Liberty Media Group Tracking Stock in connection with the conversion of certain convertible notes.

AT&T does not have a controlling financial interest in Liberty Media Group, therefore it has been reflected as an equity method investment in the accompanying consolidated financial statements. The results attributable to Liberty Media Group are reflected as separate line items "Equity losses from Liberty Media Group" and "Investment in Liberty Media Group and related receivables", in the accompanying consolidated financial statements. As a separate tracking stock, all of the earnings or losses related to Liberty Media Group are excluded from the earnings available to the holders of AT&T common stock. TCI's cable and certain other operations, including its ownership interest in At Home Corporation (Excite@Home), became AT&T broadband and Internet services, and were combined with the existing AT&T operations to form the AT&T common stock group (AT&T Group).

The merger with TCI was recorded as a purchase. Accordingly, the operating results of TCI have been included in the accompanying consolidated financial statements since March 1, 1999, the deemed effective date of acquisition for accounting purposes. The impact of the results from March 1, 1999, through March 9, 1999, is deemed immaterial to our consolidated results. The excess of the aggregate purchase price of $52.155 billion over the fair value of net assets acquired was estimated at $24 billion, and is being amortized on a straight-line basis over seven to 40 years. Also, approximately $11 billion of goodwill related to Liberty Media Group was recorded as part of our investment and is being amortized on a straight-line basis over 20 years as a component of equity earnings (losses) from Liberty Media Group.

Following is a summary of the noncash impact of the TCI merger:

Dollars in Billions	
Fair value of net assets acquired	$ 28
Excess purchase price over fair value of net assets acquired	24
Other*	(2)
Issuance of common shares:	
AT&T common stock	(27)
Liberty Media Group tracking stock	(23)

*Other includes assumption of convertible notes and preferred stock.

At June 30, 1999, there was $40 of restricted cash included in cash and cash equivalents in the accompanying consolidated balance sheet. The restricted cash was comprised primarily of proceeds received in connection with certain asset dispositions of TCI, which are designated to be reinvested in certain identified assets for tax purposes.

Following is a summary of the pro forma results of AT&T as if the merger with TCI had closed effective January 1, 1998:

	Six Months Ended June 30, 1999	Six Months Ended June 30, 1998
Revenues	$30,728	$29,193
Income from continuing operations	1,491	356
Income from continuing operations, available to AT&T Group shareowners	2,304	846
Income from continuing operations, available to Liberty Media Group		

shareowners	(813)	(490)
Net income	1,491	1,656
Income available to AT&T Group shareowners	2,304	2,146
Income available to Liberty Media Group shareowners	(813)	(490)
Weighted-average AT&T common shares (millions)	3,153	3,140
Weighted-average AT&T common shares and potential common shares (millions)	3,258	3,245
Weighted-average Liberty Media Group shares (millions)	1,250	1,190
Basic earnings per AT&T common share:		
Income from continuing operations	$ 0.73	$ 0.27
Total income	$ 0.73	$ 0.68
Diluted earnings per AT&T common share:		
Income from continuing operations	$ 0.71	$ 0.26
Total income	$ 0.71	$ 0.66
Basic earnings per Liberty Media Group share	$ (0.65)	$ (0.41)
Diluted earnings per Liberty Media Group share	$ (0.65)	$ (0.41)

Pro forma data may not be indicative of the results that would have been obtained had these events actually occurred at the beginning of the periods presented, nor does it intend to be a projection of future results.

(c) OTHER MERGERS, ACQUISITIONS, VENTURES AND DISPOSITIONS

On April 30, 1999, AT&T completed its acquisition of the IBM Global Network (IGN) business and its assets in the United States. The acquisition is occurring in phases throughout 1999 as legal and regulatory requirements are met in each of the 59 countries in which the business operates. In June of 1999, the acquisitions of the IGN business in Japan, the United Kingdom and Ireland were completed. The acquisition has been accounted for as a purchase. Accordingly, the operating results of the IGN business have been included in the accompanying consolidated financial statements since the date of acquisition. Intangible assets of approximately $3.9 billion including customer lists and the excess of the purchase price over the fair value of net assets acquired are being amortized on a straight-line basis over periods ranging from five to 30 years. The pro forma impact of the IGN business results on historical AT&T results are not material.

On May 3, 1999, AT&T closed the previously announced merger with Vanguard Cellular Systems, Inc. (Vanguard). Consummation of the merger resulted in the issuance of approximately 12.6 million AT&T shares and payment of $485 in cash. In addition, Vanguard had approximately $550 in debt, which was subsequently repaid by AT&T. The merger with Vanguard was recorded as a purchase. Accordingly the operating results of Vanguard have been included in the accompanying consolidated financial statements since the date of acquisition. The pro forma impact of Vanguard results on historical AT&T results are not material.

On June 1, 1999, AT&T Canada completed the announced merger with MetroNet Communications Corp. (MetroNet), Canada's largest facilities-based competitive local exchange carrier (CLEC). The combined companies were renamed AT&T Canada. AT&T owns a 31% stake in the merged entity, which maintains a national network to provide Canadian business customers with local and long distance voice, data, Internet and electronic commerce services as well as wireless services through Rogers Cantel AT&T.

On June 7, 1999, AT&T signed a definitive agreement with Cox Communications, Inc. (Cox) whereby Cox will exchange its AT&T stock for cable television systems that serve approximately 495,000 customers as well as certain other consideration, including cash. Based on the closing price of AT&T's stock when the agreement was announced, the transaction is valued at approximately $2.8 billion. The agreement has been approved by the boards of both companies and will be subject to necessary government and regulatory approvals.

On June 29, 1999, the previously announced global venture between AT&T and British Telecommunications plc (BT) received approval from the U.S. Justice Department. The venture has already received approval from the European Commission. The global venture will combine the transborder assets and operations of each company. The venture will be equally owned by both companies when it begins operations. The receipt of certain additional regulatory approvals is required and the venture is expected to be completed in the second half of 1999.

On May 28, 1999, At Home Corporation consummated a merger agreement with Excite, Inc. (Excite), a global Internet media company that offers consumers and advertisers comprehensive Internet navigation services with extensive personalization capabilities. Under the terms of the merger agreement, At Home Corporation issued approximately 116 million shares of its common stock (as adjusted for a June 1999 stock split) for all of the outstanding common stock of Excite based on an exchange ratio of 2.083804 shares of At Home Corporation's common stock (as adjusted for a June 1999 stock split) for each share of Excite's common stock. As a result of the merger, AT&T's economic interest in At Home Corporation (Excite@Home) decreased from 38.8% to 26.5%. Due to the resulting increase in Excite@Home's equity, net of the dilution of AT&T's ownership interest in Excite@Home, AT&T recorded a $466 increase to additional paid in capital. At June 30, 1999, AT&T owned 63,720,000 shares of Excite@Home Class A common stock (as adjusted for a June 1999 stock split) and has an approximate 58% voting interest on certain matters. During the second quarter of 1999, the stockholders of Excite@Home approved certain changes in the corporate governance of Excite@Home. As a result of these changes, management has concluded that AT&T no longer holds a controlling financial interest in Excite@Home and, accordingly, during the second quarter of 1999, AT&T ceased to consolidate Excite@Home and began to account for Excite@Home using the equity method of accounting. The effect of this deconsolidation was not material to the consolidated financial statements of AT&T.

(d) CUMULATIVE QUARTERLY INCOME PREFERRED SHARES AND WARRANTS

On June 16, 1999, AT&T Finance Trust I, a wholly-owned subsidiary of AT&T established as a Delaware statutory business trust (the Trust), completed the private placement sale of 100 million shares of 5.0% cumulative quarterly income preferred securities (liquidation preference of $50 per security) to Microsoft Corporation (Microsoft). Proceeds of the issuance were invested in Junior Subordinated Debentures (the Debentures) issued by AT&T due 2029 which represent the sole assets of the Trust.

The cumulative quarterly income preferred securities are convertible at any time prior to maturity into 66.667 million shares of AT&T stock at $75 per share and are subject to mandatory redemption upon repayment of the Debentures at maturity or their earlier redemption. The conversion feature can be terminated, under certain conditions, after three years.

The Debentures will make a quarterly payment of 62.5 cents per security payable quarterly in arrears on the last day of March, June, September and December of each year. AT&T has the right to defer such interest payments up to 20 consecutive quarters; as a consequence, quarterly dividend payments on the cumulative quarterly income preferred securities can be deferred by the Trust during any such interest payment period. If AT&T defers any interest payments, AT&T may not, among other things, pay any dividends on its common stock until all interest in arrears is paid to the Trust.

Distributions on the cumulative quarterly income preferred securities are reported within other income (expense) in the accompanying consolidated statements of income.

On June 16, 1999, AT&T also issued to Microsoft 40 million warrants, each to purchase one share of AT&T common stock at a price of $75 per share at the end of three years. If the warrants are not exercised on the three-year anniversary of the closing date, the warrants expire.

A discount on the cumulative quarterly income preferred securities equal to the value of the warrants of $306 has been recognized and is being amortized over the 30 year life of the cumulative quarterly income preferred securities as a component of other income in the accompanying consolidated statements of income.

(e) RESTRUCTURING AND OTHER CHARGES, NET

Restructuring and other charges, net were a pretax benefit of $29 for the second quarter of 1999. The benefit included a $68 pretax net gain primarily related to the exit of certain joint ventures that would have competed directly with the global venture AT&T is forming with BT. Also included was an $11 pretax gain from the settlement of pension obligations from AT&T's voluntary retirement incentive program offer. Partially offsetting these gains was a $50 pretax charge recorded in the second quarter of 1999 related to the estimated losses that are expected to result from a contribution agreement TCI entered into with Phoenixstar, Inc. (Phoenixstar), formerly Primestar, Inc., a previous equity investment. To the extent necessary, the company is required to satisfy certain liabilities of Phoenixstar. The remaining obligation under this contribution agreement which expires in 2001 is $26.

Second quarter 1998 restructuring and other charges, net of $2,743 pretax primarily related to charges associated with AT&T's voluntary retirement incentive program offer.

Restructuring and other charges, net for the six months ended June 30, 1999, were $702 pretax. Included in this balance was an in-process research and development charge of $594 pretax related to the TCI acquisition, a $128 pretax net charge primarily related to the exit of certain joint ventures that would have competed directly with the global venture AT&T is forming with BT and a $50 pretax charge related to the Phoenixstar agreement noted above. These charges were partially offset by a $70 pretax gain related to the settlement of pension obligations for former employees who accepted AT&T's voluntary retirement incentive program offer.

Restructuring and other charges, net for the six months ended

June 30, 1998, were $3,344 pretax. The charge is comprised of a first quarter 1998 pretax charge of $601 which resulted from the decision not to pursue Total Service Resale as a local-service strategy as well as the second quarter $2,743 net pretax charge primarily related to AT&T's voluntary retirement incentive program offer.

(f) EARNINGS PER COMMON SHARE AND POTENTIAL COMMON SHARE

Basic earnings per share (EPS) for AT&T Group for the three and six months ended June 30, 1999 and 1998, were computed by dividing income attributable to AT&T Group common shareowners by the weighted-average number of common shares outstanding of AT&T Group during the period.

Diluted EPS for AT&T Group for the three and six months ended June 30, 1999, and the six months ended June 30, 1998, was computed by dividing the income attributable to AT&T Group common shareowners by the weighted-average number of common shares and dilutive potential common shares outstanding of AT&T Group during the period, assuming conversion of the potential common shares at the beginning of the periods presented. Shares issuable upon conversion of preferred stock of subsidiaries, convertible debt securities of subsidiary, quarterly income preferred securities, stock options and other performance awards have been included in the diluted calculation of weighted-average shares to the extent that the assumed issuance of such shares would have been dilutive, as illustrated below. The convertible debt securities were all converted as of March 31, 1999. Since AT&T had a loss from continuing operations for the three months ended June 30, 1998, the impact of any potential shares would have been antidilutive, and therefore are not factored into the diluted calculation. There were 13 million potentially dilutive securities outstanding for this period.

Income from continuing operations for the three and six-month periods ended June 30, 1999, of $1,045 and $2,063, respectively, include income from continuing operations attributable to AT&T Group of $1,588 and $2,664, respectively, as well as losses from Liberty Media Group of $(543) and $(601) respectively.

A reconciliation of the income and share components for the basic and diluted EPS calculations with respect to AT&T Group continuing operations is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
Income (loss) from continuing operations attributable to AT&T Group	$1,588	$ (161)	$2,664	$1,124
Income impact of assumed conversion: Preferred stock of subsidiary	10	-	10	-
Quarterly income preferred securities	7	-	7	-
Income (loss) from continuing operations attributable to AT&T Group adjusted for conversion of securities	$1,605	$(161)	$2,681	$1,124
AT&T Group weighted-average common shares (millions)	3,189	2,708	2,970	2,695
Stock options	38	-	40	25
Preferred stock of subsidiary	40	-	25	-
Convertible quarterly income preferred securities	11	-	5	-
Convertible debt securities of subsidiary	-	-	3	-
AT&T Group weighted-average common shares and potential common shares (millions)	3,278	2,708	3,043	2,720

Basic EPS for Liberty Media Group for the three and six-month periods ended June 30, 1999, was computed by dividing the income attributable to Liberty Media Group shareowners by the weighted-average number of shares outstanding of Liberty Media Group of 1.264 billion and 1.250 billion, respectively, for these periods. Since Liberty Media Group had a loss for both periods, the impact of any potential shares would have been antidilutive, and therefore are not factored into the diluted calculations. There were 54 million potentially dilutive securities outstanding at June 30, 1999.

(g) PREFERRED STOCK

TCI has 1.552 million shares of Class B Preferred Stock outstanding as of June 30, 1999, net of shares held by a subsidiary, out of an authorized 1.675 million shares. Dividends accrue cumulatively (but without compounding) at an annual rate of 6% of the stated liquidation value of $100 per share, whether or not such dividends are declared or funds are legally available for payment of dividends. Accrued dividends are payable annually on March 1 of each year in cash or AT&T stock, or any combination of the foregoing at the sole discretion of the AT&T Board of Directors. Accrued dividends not paid on any dividend payment date will accumulate.

The amount of Class B Preferred Stock and accumulated dividends thereon are reflected within "Minority Interest in Equity of Consolidated Subsidiaries" in the accompanying consolidated balance sheet and aggregated $147 at June 30, 1999.

TCI Pacific Communications Inc. (Pacific) issued preferred stock which remains outstanding after the TCI merger. There are 6.258 million shares of Pacific authorized and outstanding at June 30, 1999. Each share of the Pacific 5% Class A Senior Cumulative Exchangeable Preferred Stock is exchangeable, from and after August 1, 2001, for approximately 6.3375 shares of AT&T Common Stock, subject to certain anti-dilution adjustments. Additionally, Pacific may elect to make any dividend, redemption or liquidation payment in cash, shares of AT&T Common Stock or by a combination of the foregoing. The amount of Pacific Preferred Stock and accumulated dividends thereon are reflected within "Minority

Interest in Equity of Consolidated Subsidiaries" in the accompanying consolidated balance sheet and aggregated $2.1 billion at June 30, 1999.

(h) FINANCIAL INSTRUMENTS

In the normal course of business we use various financial instruments, including derivative financial instruments, for purposes other than trading. We do not use derivative financial instruments for speculative purposes. These instruments include letters of credit, guarantees of debt, interest rate swap agreements and foreign currency exchange contracts. Interest rate swap agreements and foreign currency exchange contracts are used to mitigate interest rate and foreign currency exposures. Collateral is generally not required for these types of instruments.

For debt excluding capital leases, the carrying amounts and fair values were $28.9 billion and $28.3 billion, respectively, at June 30, 1999.

AT&T has a $20 billion commitment from multiple lenders with credit agreements to be finalized upon consummation of the proposed merger with the MediaOne Group Inc. (MediaOne).

We have entered into a $1 billion agreement with Convergys Corporation to extend the term of our current billing agreement through 2004.

(i) SEGMENT REPORTING

AT&T's results are segmented according to the way we manage our business: business services, consumer services, wireless services and broadband & Internet services. Our existing segments reflect certain managerial changes since the publication of our 1998 annual results. The business services segment was expanded to include the results of Teleport Communications Group Inc. (TCG) and the business portion of AT&T WorldNet Service; the consumer services segment was expanded to include the residential portion of AT&T WorldNet Service and the costs associated with the development of fixed wireless technology. All prior results have been restated to reflect these changes. In addition, as a result of our merger with TCI, we established a new segment called broadband & Internet services. Broadband & Internet services includes the results associated with traditional analog video service as well as new services such as Digital Cable and AT&T@Home, a high-speed cable Internet service. Also included in this segment are the operations associated with developing and refining the infrastructure that will support broadband telephony.

Reflecting the dynamics of our business, we continuously review our management model and structure, which may result in additional adjustments to our operating segments in the future.

REVENUES

	Three Months Ended June 30, 1999	Three Months Ended June 30, 1998	Six Months Ended June 30, 1999	Six Months Ended June 30, 1998
Business services external revenues	$ 5,888	$ 5,680	$11,814	$11,238
Business services internal revenues	395	207	683	428
Total business services revenues	6,283	5,887	12,497	11,666
Consumer services external revenues	5,504	5,695	10,990	11,375
Wireless services external revenues	1,878	1,313	3,440	2,477
Broadband & Internet services external revenues	1,419	-	1,902	-
Total reportable segments	15,084	12,895	28,829	25,518
Other and corporate revenues (a)	607	316	958	524
Total revenues	$15,691	$13,211	$29,787	$26,042

(a) Included in other and corporate revenues are revenues from AT&T Solutions, international operations and ventures, other smaller units and the elimination of internal revenues.

RECONCILIATION OF EBIT TO INCOME (LOSS) BEFORE INCOME TAXES

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
Business services	$1,459	$1,119	$ 3,026	$ 2,243
Consumer services	1,851	1,540	3,717	2,845
Wireless services	52	199	24	214
Broadband & Internet services	(475)	-	(1,121)	-
Total reportable segments' EBIT	2,887	2,858	5,646	5,302
Other and corporate EBIT	37	(3,010)	(430)	(3,344)
Liberty Media Group equity losses	543	-	601	-
Interest expense	459	128	649	208
Total income (loss) before income taxes	$1,922	$ (280)	$3,966	$1,750

ASSETS

	At June 30, 1999	At Dec. 31, 1998
Business services	$ 22,394	$21,415
Consumer services	6,687	6,561
Wireless services	21,388	19,115
Broadband & Internet services	42,837	-
Total reportable segments	93,306	47,091
All other segments	9,209	4,165
Corporate assets:		
Investment in Liberty Media Group	35,389	-
Prepaid pension costs	2,265	2,074
Deferred taxes	1,245	1,156
Other corporate assets	3,824	5,064
Total assets	$145,238	$59,550

(j) SUBSEQUENT EVENTS

On August 2, 1999, AT&T completed its acquisition of Honolulu Cellular Telephone Company from BellSouth.

On August 5, 1999, AT&T and BT announced that they will jointly acquire a 33% stake in Rogers Cantel Mobile Communications Inc. (Rogers Cantel) for approximately $934 in cash. The investment will be owned equally by AT&T and BT. AT&T and BT also

announced
that BT will acquired 30% of AT&T's 31% ownership interest in
AT&T
Canada for approximately $402. In addition, Rogers Cantel and
AT&T
Canada will accelerate the bundling and joint marketing of
wired
and wireless services for Canadian business customers. The
closing
of these transactions is expected to take place in late
August
1999.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

OVERVIEW

The merger with Tele-Communications, Inc. (TCI) was completed in the firstquarter of 1999 in an all stock transaction valued at approximately $52 billion. AT&T issued approximately 664 million shares in the transaction, of which approximately 149 million were treasury shares. Also in connection with the merger of TCI in the first quarter of 1999, and the formation of Liberty Media Group from TCI's former programming business and technology investments business, AT&T issued a separate tracking stock designed to reflect the separate economic performance of Liberty Media Group. A total of 540 million shares (1,080 million shares on a post-split basis) of Class A Liberty Media Group Tracking Stock and 55 million shares (110 million shares on a post-split basis) of Class B Liberty Media Group Tracking Stock were issued by AT&T. AT&T also issued 30 million Class A Liberty Media Group tracking shares (60 million shares on a post-split basis) in connection with the conversion of certain convertible notes. AT&T does not have a controlling financial interest in Liberty Media Group, therefore it has been reflected as an equity method investment in the accompanying consolidated financial statements. The results attributable to Liberty Media Group are reflected as separate line items "Equity losses from Liberty Media Group" and "Investment in Liberty Media Group and related receivables" in the accompanying consolidated financial statements. As a separate tracking stock, all of the earnings or losses related to Liberty Media Group are excluded from the earnings available to the holders of AT&T common stock.

The merger with TCI was recorded as a purchase. Accordingly, the

operating
results of TCI have been included in the accompanying consolidated
financial
statements since the date of acquisition. For accounting purposes the
deemed
effective date of the acquisition is March 1, 1999, since the impact of
thr
results from March 1, 1999, through March 9, 1999, is deemed immaterial to
our
consolidated results. TCI's cable and certain other operations, including
its
ownership interest in At Home Corporation (Excite@Home), but excluding
Liberty
Media Group, became AT&T broadband & Internet services (AB&IS), and
were
combined with the existing operations of AT&T to form the AT&T Common
Stock
Group (AT&T Group).

We segment our results based on how we manage our business. The
following
businesses comprise AT&T Group: business services, consumer services,
broadband
& Internet services and wireless services. A fifth category, other
and
corporate, includes the results of AT&T Solutions, international operations
and
ventures, other corporate operations, overhead and eliminations. Results
are
discussed for these five categories as well as for combined AT&T Group.
The
discussion for the other and corporate category is further broken out to
include
information for AT&T Solutions (which includes the results of the
Solutions
outsourcing unit, the internal AT&T Information Technology Services unit,
and
the results of the IBM Global Network which was acquired in the second
quarter
of 1999 and renamed the AT&T Global Network Services business or AGNS),
and
international operations and ventures.

Operating results are discussed separately for AT&T Group and Liberty
Media
Group. All lines of the accompanying consolidated statements of income
except
for "Equity losses from Liberty Media Group", "Income from
continuing
operations" and "Net income" reflect the results of AT&T Group only. All
lines
of the accompanying consolidated balance sheet, except for the "Investment
in
Liberty Media Group and related receivables" and the components of
shareowners'
equity labeled as relating to Liberty Media Group are attributable to AT&T
Group
only. The liquidity, financial condition, risk management and year
2000
discussion pertain to consolidated AT&T, including Liberty Media Group.

FORWARD-LOOKING STATEMENTS
Except for the historical statements and discussions contained

herein,
statements contained in this Report on Form 10-Q constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Any Form 10-K/A, AnnualReport to Shareowners, Form 10-Q or Form 8-K of AT&T may include forward-looking statements, including statements concerning future operating performance, year 2000 compliance, AT&T's share of new and existing markets, AT&T's short- and long-term revenue and earnings growth rates, general industry growth rates and AT&T's performance relative thereto. These forward-looking statements rely on a number of assumptions concerning future events, including the adoption and implementation of balanced and effective rules and regulations by the Federal Communications Commission (FCC) and the state public regulatory agencies, and AT&T's ability to achieve a significant market penetration in new markets. These forward-looking statements are subject to a number of uncertainties and other factors, many of which are outside AT&T's control, that could cause actual results to differ materially from such statements.

For a more complete discussion of the factors that could cause actual results to differ materially from such forward-looking statements, see the discussion thereof contained under the heading "Forward-Looking Statements" in AT&T's Form 10-K/A for the year ended December 31, 1998. Readers should also consider the factors discussed under the headings "Results of Operations" and "Financial Condition" included in this Form 10-Q. AT&T disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

CONSOLIDATED RESULTS OF OPERATIONS

	For the Three Months Ended June 30, 1999	1998	For the Six Months Ended June 30, 1999	1998
Dollars in millions (except per share amounts)				
Income (loss) from continuing operations attributable to common shareowners:				
AT&T Group........................	$1,588	$ (161)	$2,664	$1,124
Liberty Media Group...............	(543)	-	(601)	-
Income attributable to common shareowners:				
AT&T Group........................	$1,588	$1,129	$2,664	$2,424

Liberty Media Group................	(543)	-	(601)	-
Per AT&T common share - basic:				
Income (loss) from continuing operations.........................	$ 0.50	$(0.06)	$ 0.90	$ 0.42
Income from discontinued operations.	-	-	-	-
Gain on sale of discontinued operations.........................	-	0.48	-	0.48
Total income........................	$ 0.50	$ 0.42	$ 0.90	$ 0.90
Per AT&T common share - diluted:				
Income (loss) from continuing operations........................	$ 0.49	$(0.06)	$ 0.88	$ 0.41
Income from discontinued operations.	-	-	-	-
Gain on sale of discontinued operations.........................	-	$ 0.48	-	0.48
Total income........................	$ 0.49	$ 0.42	$ 0.88	$ 0.89
Liberty Media Group loss per share:				
Basic..............................	$ 0.43	$ -	$ 0.48	$ -
Diluted............................	$ 0.43	$ -	$ 0.48	$ -

Earnings per share from continuing operations attributable to AT&T common shareowners were $0.49 on a diluted basis for the second quarter of 1999, up from a loss of $0.06 in the second quarter of 1998. Earnings per share from continuing operations attributable to AT&T common shareowners were $0.88 on a diluted basis in the first half of 1999, compared with $0.41 on a diluted basis in the first half of 1998. The increases were due to lower restructuring and other charges, net and increased income from operations attributable to higher revenues and an improved cost structure.

AT&T Group's operational earnings were $0.49 per diluted share for the second quarter of 1999, a decrease of 9.3%, or $0.05, over the prior year period.
Operational EPS for the second quarter excludes:
..Net restructuring and other charges of $0.62 in 1998
..Gains on sales of business of $.02 in 1999 and 1998
..A $0.02 benefit in 1999 from changes in tax rules with respect to the utilization of acquired net operating losses ..A loss of $0.04 reflecting the earnings impact of our investment in Excite@Home and Cablevison Systems Corp. (Cablevision)

The decrease in operational earnings for the second quarter is due primarily to the impact of our merger with TCI.

Excluding the impacts of both TCI and AGNS, operational EPS for the second quarter of 1999 was $0.75, an increase of 38.9%, or $0.21, compared with the second quarter of 1998. The increase was primarily due to higher revenues and improving margins.

AT&T Group's operational earnings were $1.09 per diluted share for the first half of 1999, an increase of 9.0%, or $0.09, over the prior year period.
Operational EPS for the first half excludes:
..Net restructuring and other charges of $0.22 in 1999 and $0.76 in 1998
..Gains on sales of businesses of $0.05 in 1999 and $0.17 in 1998
..A $0.02 benefit in 1999 from changes in tax rules with respect to the utilization of acquired net operating losses ..A loss of $0.06 reflecting the earnings impact of our investment in Excite@Home and Cablevison.

The increase in operational earnings for the first half is due primarily to higher revenues and improving margins, partially offset by the impact of our merger with TCI.

Excluding the impacts of both TCI and AGNS, operational EPS for the six months ended June 30, 1999, was $1.42, an increase of 42.0%, or $0.42, compared with the prior year period primarily due to higher revenues and improving margins.

Liberty Media Group's loss per share was $0.43 for the quarter ended June 30, 1999, and $0.48 for the period from the date of acquisition through June 30, 1999.

The results of AT&T Group and Liberty Media Group are discussed in further detail below.

AT&T GROUP RESULTS OF OPERATIONS

REVENUES

	For the Three Months Ended June 30, 1999	1998	Change $	%
Dollars in millions				
Business services.........................	$ 6,283	$ 5,887	$ 396	6.7%
Consumer services.........................	5,504	5,695	(191)	(3.4)%
Wireless services.........................	1,878	1,313	565	43.1%
Broadband & Internet services.............	1,419	-	1,419	-
Other and corporate.......................	607	316	291	91.7%
Total revenues............................	$15,691	$13,211	$2,480	18.8%

	For the Six Months Ended June 30, 1999	1998	Change $	%
Dollars in millions				
Business services.........................	$12,497	$11,666	$ 831	7.1%
Consumer services.........................	10,990	11,375	(385)	(3.4)%
Wireless services.........................	3,440	2,477	963	38.9%
Broadband & Internet services.............	1,902	-	1,902	-
Other and corporate.......................	958	524	434	82.8%

service. Any of these issues could cause Internet's performance or level of usage to decline.

RISKS ASSOCIATED WITH DEVELOPING WEB ADVERTISING MARKETS. The Web as an advertising medium has not been available for a sufficient period of time to gauge its effectiveness as compared with traditional advertising media. Therefore the Web is an unproven medium for advertising-supported services. Accordingly, Excite's future operating results will depend substantially upon the increased use of the Web for information, publication, distribution and commerce and the emergence of the Web as an effective advertising medium.

Excite's ability to generate significant advertising revenues will also depend on, among other things, the development of a large base of users of Excite's services possessing demographic characteristics attractive to advertisers, the ability of Excite to accurately measure its user base and the ability of Excite to develop or acquire effective advertising delivery and measurement systems. In addition, MatchLogic's ability to generate revenues will
depend on the continued use of the Web for advertising. Many advertisers have only limited experience with the Web as an advertising medium, have not yet devoted a significant portion of their advertising expenditures to Web-based advertising, and may not find such advertising to be effective for promoting their products and services relative to traditional print and broadcast media. The adoption of Web advertising, particularly by those entities that have historically relied upon traditional media for advertising, requires the acceptance of a new way of conducting business and exchanging information. Entities that already have invested substantial resources in other methods of conducting business may be reluctant to adopt a new strategy that may limit or compete with their existing efforts. The market for Web advertising may not continue to emerge or become sustainable. If the market fails to develop or develops more slowly than expected, Excite's business may be materially and adversely affected. No standards have been widely accepted for the measurement of the effectiveness of Web-based advertising, and there can be no assurance that such standards

will develop sufficiently to support the Web as an effective advertising medium.
Advertisers may not continue to accept Excite's or other third-party measurements of impressions, and such measurements may contain errors. In such event, Excite's advertising revenues may be materially adversely affected, which
may have a material adverse affect on Excite's business.

In addition, there is intense competition in the sale of advertising on the Web, resulting in a wide range of rates quoted and a variety of pricing models.
This makes it difficult to project future levels of advertising revenues and rates. It is also difficult to predict which pricing models will be adopted by the industry or advertisers. For example, advertising rates based on the number
of "click-throughs", or user requests for additional information made by clicking on the advertisement from Excite's network to the advertiser's Web pages, instead of rates based solely on the number of impressions displayed on users' computer screens, would materially adversely affect Excite's revenues. As
a result of these risks, Excite may not succeed in generating significant future
advertising revenues from Web-based advertising. The failure to do so may have a
material adverse affect on Excite's business.

Advertisers may also determine that banner advertising, is not an effective or attractive advertising medium. Excite may not be able to effectively

transition to any other forms of Web advertising should they develop and achieve
market acceptance. Moreover, "filter" software programs that limit or prevent advertising from being delivered to a Web user's computer are available. Widespread adoption of such software by users may have a material adverse affect
upon the commercial viability of Web advertising.

EXCITE WILL DEPEND ON A NUMBER OF THIRD PARTY RELATIONSHIPS. Excite will depend on a number of third party relationships to provide users and content for
its services. Examples of some of these important relationships include:

- relationships with respect to the positioning of Excite's service on Web browsers or other high-traffic Web sites or;

- arrangements under which third parties provide content for Excite's services;

- arrangements under which third parties provide services such as games or e-mail;

- and relationships with Internet and online service providers and other third
parties to provide communications infrastructure for Excite.

If Excite cannot renew these relationships on favorable terms, or if these relationships terminate, Excite would have to enter into new relationships. Excite may not be able to replace any of its important third party relationships
on reasonable terms, if at all. If Excite cannot replace any important relationship, it could lose users or advertisers, which may adversely affect Excite's revenues. Even if Excite replaces any relationships or enters into new
relationships, Excite may incur increased costs such as distribution license fees or selling and marketing expenses in order to pay for these relationships.

These third parties may not regard their relationship with Excite as important to their business. Therefore, they could elect to reassess their commitment to their relationship with Excite in the future or develop competitive services. Furthermore, the services offered by third parties with whom Excite has relationships may not be successful. Therefore, Excite's existing or future relationships may not result in increased user traffic or revenues.

RISK OF CAPACITY CONSTRAINTS; SYSTEM FAILURES. Excite is dependent on its ability to generate a high volume of traffic to the Excite Network. Accordingly,
the performance of the Excite Network is critical to Excite's reputation, its ability to attract advertisers and to achieve market acceptance of the Excite Network. Any system failure that causes interruptions in the availability of or
that increases response time of Excite's services could reduce user satisfaction
and traffic to the Excite Network and, if sustained or repeated, would reduce the attractiveness of the Excite Network to advertisers and consumers. An increase in the volume of searches conducted through the Excite Network could strain the capacity of the software or hardware deployed by Excite, which couldlead to slower response time or system failures. In addition, as the amount of
Web pages and traffic on Excite's services increases, there can be no assurance
that the Excite Network will be able to scale proportionately. Excite is also dependent upon timely feeds and downloads of information from content providers
and is dependent upon providers of Web browsers and on Internet and online

service providers and other Web site operators, which have experienced significant outages in the past, for access to its network. In

the past, Web consumers have experienced outages, delays and other difficulties due to system failures unrelated to Excite's systems and services. Additional difficulties may also materially and adversely affect consumer and advertiser satisfaction. To the extent that the capacity constraints described above are not effectively addressed by Excite, such constraints may have a material adverse affect on Excite's business.

Substantially all of Excite's communications hardware and certain of its computer hardware operations are located at leased facilities in Redwood City, California, an area susceptible to earthquakes. Excite has experienced system failures or outages from time to time in the past, which have disrupted the operation of Excite's services. A system failure at this location may adversely affect the performance of Excite's services. These systems are also vulnerable to damage from fire, floods, earthquakes, power loss, telecommunications failures, break-ins and similar events. In the event that Excite seeks to replicate its systems at other locations, it would face a number of technical challenges, particularly with respect to database replication and the need to constantly update distributed databases, Excite may not be able to successfully address these challenges. Although Excite carries property and business interruption insurance, its low coverage limits likely will not be adequate to compensate Excite for all losses that may occur. Excite's servers are also vulnerable to computer viruses, physical or electronic break-ins and similar disruptive problems. Computer viruses, break-ins or other problems caused by third parties could lead to interruptions, delays or cessations in service to users of Excite's services. The occurrence of any of these risks may have a material adverse affect on Excite's business.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information relating to quantitative and qualitative disclosure about market risk is set forth under the captions "Investment Portfolio" in Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is subject to legal proceedings and claims that arise in the ordinary course of business. Management currently believes that the ultimate amount of liability, if any, with respect to any pending actions, either individually or in the aggregate, will not materially affect the financial position, results of operations or liquidity of the Company. However, the ultimate outcome of any litigation is uncertain. If an unfavorable outcome were to occur, the impact could be material. Furthermore, any litigation, regardlessof the outcome, can have an adverse impact on the Company's results of operations as a result of defense costs, diversion of management resources,

and
other factors.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) List of Exhibits.

The Exhibits listed in the accompanying Exhibit Index are filed as part of this report.

(b) Reports on Form 8-K.

On January 20, 1999, the Company filed a Form 8-K under Item 5 announcing its financial results for the three and twelve months ended December 31, 1998.

On January 25, 1999, the Company filed a Form 8-K under Item 5 announcing that it had entered into a definitive Agreement and Plan of Reorganization with At Home Corporation and Countdown Acquisition Corporation.

SIGNATURES

In accordance with the requirements of the Securities Exchange Act, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EXCITE, INC.

Date: May 17, 1999

By: /s/ Robert C. Hood

Robert C. Hood
Executive Vice President,
Chief Administrative Officer and
Chief Financial Officer